

IMPACT ON CHINESE BRANDS IN INDIA DUE TO GEOPOLITICAL TENSIONS BETWEEN INDIA AND CHINA

Abstract

China and India's recent geopolitical difficulties have had a substantial influence on their commercial relationship, especially the perception of Chinese products in the Indian market. This research seeks to explore Indian buyers' perceptions of Chinese companies after the geopolitical tensions between China and India. The study intends to investigate how geopolitical tensions have changed Indian customers' opinions of Chinese businesses, as well as if these impressions have influenced their purchasing decisions.

The study will employ a mixed-methodological approach that will include both qualitative and quantitative methods. In-depth interviews with Indian customers will be conducted as part of the qualitative study to better understand their perspectives of Chinese companies in the present geopolitical climate.

This research will help to understand the complexity of the China-India relationship.

The study's results will be helpful in formulating effective strategies to manage the difficulties and capitalize on the possibilities given by the current geopolitical environment. This research will help you manage the complexity of the China-India relationship.

Keywords: Chinese Brands, Geopolitical Tensions, Chinese Products, China-India Relationship.

Authors

Dr. Samarth Sharma
Amity Business School
Amity University, Noida
samarthsharma80@gmail.com

Ms. Garima
Amity Business School
Amity University, Noida
garima@amity.edu

Dr. Pallavi Sharda Garg
Amity Business School
Amity University, Noida
pallavi.sharda@gmail.com

Dr. Archana Singh
Amity Business School
Amity University, Noida
archana.udsc@gmail.com

Dr. Nitendra Kumar
Amity Business School
Amity University, Noida
nkshukla.kumar4@gmail.com

I. INTRODUCTION

1. Meaning of some Keywords in the Topic

- **Geopolitical:** The study or analysis of how geography, power, and politics interact, and impact international relations, diplomacy, and strategic decision-making is referred to as geopolitical.
- **Territorial Dispute:** Two or more parties disagree over who owns, controls, or has authority over a certain piece of land or territory.
- **Sovereign State:** A sovereign state is a political body that has complete and exclusive power over a certain geographical region and its people. This means that the state has supreme power within its boundaries and is not subject to outside meddling in its internal affairs.
- **Military Posturing:** Military posturing is the display of a country's or its military's force or strength in order to send a message or influence the conduct of other countries.

2. **Overview of Geopolitical Tension between China and India:** A territorial dispute, sometimes known as a border dispute, is a disagreement between two or more political entities about ownership or control of land. They are frequently associated with the ownership of natural resources such as rivers, fertile farmland, and mineral or petroleum resources, but they can also be motivated by culture, religion, and ethnic nationalism. Business Insider, India (September 2020)

The long-running border dispute between China and India is the primary cause of the geopolitical tension between the two countries. The border dispute began in the early 20th century when colonial administration over China and India was in effect. However, it's worth noting that the two countries have a long-standing history of trade relations dating back over two thousand years. As described in "India-China Trade Relations: A Contemporary Analysis" by Since ancient times the trade between India and China involved the exchange of goods such as spices, textiles, precious stones, silk, tea, ceramics, and copper. This trade relationship included cultural and religious exchanges, with Buddhist monks travelling along the Silk Road bringing Buddhism from India to China. (Barwick et al.,2018)

Many factors impacted the connection between China and India during the medieval era, including political instability, invasions, and economic developments. The collapse of the Gupta Empire in India in the sixth century and the Tang Dynasty in China in the ninth century signaled the start of a period of political instability in both nations, affecting their connection. According to K. A. Nilakanta Sastri's "A Complete History of India," the mediaeval period's insecurity in India led to the fall of commerce between India and China. Invasions by Turks and Afghans in the 11th and 12th centuries interrupted trade routes and undermined the Indian economy, affecting commerce with China directly.

The development of the Mongol Empire was another element that influenced the interaction between China and India throughout the mediaeval period. In the early 13th century, the Mongols, headed by Genghis Khan, conquered major sections of China and formed the Yuan Dynasty. According to Denis Twitchett and Herbert Franke's "The Cambridge History of China," the Mongols developed a trading network that connected China, India, and the Middle East. The Mongols zealously fostered Chinese Indian commerce, and Chinese merchants journeyed to India to deal in textiles, spices, and other goods. (Bentzen & Valdemar, 2007)



Source: jagranjosh -gk -Which Indian states share boundaries with China?

China and India are Asia's two neighboring countries. India and China have a 3488-kilometer border that goes across the states of Jammu & Kashmir, Himachal Pradesh, Sikkim, Uttarakhand, and Arunachal Pradesh. In addition, China's Tibet Autonomous Region had a border with India.

The boundary issue between China and India dates to 1914, when British India and Tibet signed the Simla Agreement. The Agreement established the McMahon Line as the border between British India and Tibet. Nevertheless, China refused to recognize the McMahon Line, claiming that Tibet was not a sovereign state at the time of the agreement and was not a party to it. (Bisen & Kudnar, 2019).

- 3. Perception of Indian Customers towards Chinese Brand:** A variety of reasons have influenced Indian shoppers' perceptions of Chinese products, including geopolitical issues, quality concerns, and price competitiveness.

Recent geopolitical tensions between India and China have had a substantial influence on Indian shoppers' perceptions of Chinese companies. Indian customers are more inclined to boycott Chinese goods in Favor of homegrown alternatives. According to a Local Circles poll done in June 2020, around 87% of Indians supported a ban on Chinese imports, with only 13% opposing it (India Today, 2020). This mood was reflected in Chinese smartphone sales, which fell 51% in the second quarter of 2020 when compared to the same period the previous year (Financial Express, 2020).

As a result of current geopolitical tensions, Indian shoppers' perceptions of Chinese companies have evolved substantially. While price and quality were formerly the key elements affecting consumer behavior in India patriotism and a desire to support native products have emerged as significant considerations.

4. Key Stages in the Relationship between These Two Countries: The relationship between China and India has a complicated and dynamic history, with periods of collaboration, competition, and confrontation. Experts say the two nations have a long history of cultural and economic relations that date back to prehistoric times (BBC, 2020). The contemporary relationship between China and India, on the other hand, has been characterized by territorial conflicts and military warfare.

- **Early Cooperation:** India and China had good relations in the years after India's independence in 1947, with India being one of the first countries to recognize the People's Republic of China in 1949. The two nations collaborated in the Non-Aligned Movement and on decolonization problems.
- **Border Disputes:** Territorial disputes over their shared border caused the relationship between China and India to deteriorate in the 1950s and 1960s. In 1962, the disagreement erupted into a military war, which China decisively won (CNN2021). The battle left a severe scar on the two countries' relationship.
- **Periods of Stability:** After the 1962 war, China and India experienced a period of calm, with both nations focused on economic growth and lowering border tensions (council of foreign relation 2021). In the 1980s, both nations initiated high-level negotiations and signed agreements to keep the border peaceful and stable.
- **Competition and Distrust:** The relationship between China and India has been marked by increasing competition and distrust in recent years. India has been wary of China's growing economic and military power, while China has been concerned about India's strategic alignment with the United States and its increased military presence in the region(Brookings Institution, 2020)
- **Recent Conflicts:** Tensions between China and India flared up again in 2020, with a devastating confrontation between their troops in the Himalayan Galwan Valley region. The event shattered their partnership, with both sides accusing the other of hostility and territorial transgressions. Since then, the two nations have had discussions to reduce tensions, but the relationship remains laden with problems and uncertainty.

Since then, the two nations have had discussions to reduce tensions, but the relationship remains laden with problems and uncertainty. Analysts expect that the China-India relationship will continue to change in complicated and surprising ways in the coming years (The Diplomat, 2021).

5. Need of the Study

- To understand consumer behavior
- Chinese Brand image and reputation
- Market entry and expansion
- Role of media coverage
- Supply chain and production of Chinese brand

Research will consider Indian customers' perceptions about Chinese companies after the geopolitical tensions between China and India, which can give significant insights into media coverage, supply chain and manufacturing, cultural differences, and marketing tactics for Chinese firms in India. The findings might be extremely useful to governments, business leaders, marketers, and researchers in India and other nations.(Chabal& Daloz, 1999).

6. Objective of the Study: The study's target audience would be Indian consumers who have bought or are considering buying Chinese products.

- The purpose of this paper is to examine the historical, political, economic, and cultural factors that have shaped India-China relations over time.
- To Understand the main tensions between the two countries.
- To identify Indian customers behaviour towards China and its product now and how it is affecting customer Expenditurelevel.
- To look at the elements that impact Indian customers' decisions to choose Chinese brands over other brands on the market.
- To investigate the influence of media coverage and propaganda in molding Indian customers' perceptions of Chinese companies.
- After the geopolitical tension, communicate ideas and tactics for Chinese brands to enhance their image and reputation in the Indian market.

II. LITERATURE REVIEW

Over the years, China and India's relationship has been marked by both cooperation and conflict. The two countries' recent geopolitical tensions have had a significant impact on their economic relationship, including the perception of Chinese brands in the Indian market. We will examine the existing research on the China-India relationship, the impact of geopolitical tensions on the perception of Chinese brands, and the factors that influence Indian customers' attitudes towards Chinese brands in this literature review.

China-India relations have a long and complicated history that dates back over 2,000 years. There are cultural, religious, and economic ties between the two countries, as well as border disputes and conflicts. According to Tanvi Madan, a senior fellow at the Brookings Institution, China-India relations are "among the most important and complex in the world." She points out that the two countries are the world's two most populous, have significant emerging economies, and are key players in the global order.(Chavis& Phillip ,2009)

Despite the many areas of cooperation between the two countries, there have long been tensions and disagreements. The primary source of contention between China and India is a border dispute that began in the early twentieth century, when both countries were colonial subjects. The two countries' border dispute remains unresolved, and both sides have engaged in military skirmishes in recent years.

According to the history of Sino-Indian relations, periods of cooperation, conflict, and war have been observed. The 1962 Sino-Indian War was a significant event in the history of their relations, causing India to suffer substantial financial losses and deteriorating the bilateral ties between the two nations. The 1959 Tibetan Refugee Crisis was another critical event that strained their ties, with China accusing India of providing refuge to Tibetan rebels, which has led to a negative perception of Chinese brands among Indian consumers (Sinha & Sen, 2021).

The India-China Trade Agreement of 1975, however, boosted trade ties between India and China, opening the Indian market to Chinese products and thus increasing the presence of Chinese brands in India. In 1993, the India-China Agreement on Confidence Building Measures was signed to reduce tensions along the India-China border. However, tensions have persisted, and incidents such as the 2017 Doklam impasse and the 2020 Galwan Valley clash have further strained bilateral relations, causing negative media coverage of China in India and a decline in Chinese goods sales (Sinha & Sen, 2021).

The historical setting has influenced Indian shoppers' perceptions of Chinese companies. According to research conducted by Chouksey and Verma (2021), the historical backdrop has resulted in an Indian customer's unfavorable view of Chinese companies. According to the survey, Indian shoppers identify Chinese goods with low quality and durability, which has resulted in a fall in Chinese product sales in India.

Many elements have been identified as influencing Indian buyers' perceptions of Chinese brands. The influence of the two nations' geopolitical tensions is one of the most crucial elements. According to a study conducted by Chouksey and Verma (2021), geopolitical tensions have had a detrimental influence on Indian buyers' perceptions of Chinese firms, notably in the smartphone market.

Meeting of the Shanghai Cooperation Organization (SCO) in 2019: The Shanghai Cooperation Organization (SCO) is a political, economic, and military organization. In 2017, India was admitted as a full member of the organization. The 2019 SCO summit was held in Bishkek, Kyrgyzstan, and both Indian Prime Minister Narendra Modi and Chinese President Xi Jinping were in attendance. The conference intended to improve regional security and collaboration among member countries. Following the Doklam impasse, the meeting between Modi and Xi was viewed as a good development. (Source: India Today)

Wuhan Summit (2018): The Wuhan Summit was a meeting in April 2018 between Indian Prime Minister Narendra Modi and Chinese President Xi Jinping in Wuhan, China. The conference intended to defuse tensions between the two nations following the Doklam impasse in 2017. The summit resulted in the two presidents agreeing to increase bilateral communication and collaboration. The conference was regarded as a positive start towards mending India-China ties. (Source: The Indian Express)

Recently in 2020 border confrontation between China and India began in May 2020, when forces from both sides began to mass up near the frontier. This resulted in a brutal fight in the Galwan Valley on June 15, 2020, which killed 20 Indian soldiers and an unspecified number of Chinese forces. Nonetheless, the disagreement over the Line of Actual Control (LAC) in the Ladakh sector's Galwan Valley region dates back to the 1950s.

Another consideration is the quality of Chinese goods. According to several research, Indian shoppers regard Chinese items to be of inferior quality and durability. According to a study conducted by Varma and Khanna (2019), Indian shoppers identify Chinese companies with low-quality items and do not regard them as a dependable alternative.

The impact of media coverage and propaganda has also been cited as a factor influencing Indian buyers' perceptions of Chinese businesses. According to Shah and Nath (2020), media coverage has had a crucial impact in molding Indian buyers' perceptions of Chinese items. Bad media coverage has resulted in a drop in Chinese goods sales in India.

III. FACTORS INFLUENCING INDIAN CUSTOMERS' ATTITUDES TOWARDS CHINESE BRANDS

- 1. Geopolitical Tension:** Ongoing geopolitical tensions between China and India, particularly over disputed border regions, can have a negative impact on Indian customers' perceptions of Chinese brands (Das & Chaturvedi, 2018).
- 2. Cultural Differences:** Cultural values and traditions differ between China and India, which can influence how Indian customers perceive Chinese brands. Chinese brands, for example, may be perceived as lacking emotional appeal or failing to understand the Indian market (Srivastava & Kaul, 2016).
- 3. Quality Issues:** Historically, Chinese brands have been associated with poor quality, particularly in the electronics and consumer goods sectors. As a result, Indian customers may perceive Chinese brands as untrustworthy or dangerous (Mishra & Shukla, 2018).
- 4. Brand Image:** A brand's reputation, both globally and within India, can influence how Indian customers perceive Chinese brands. Negative media coverage or scandals surrounding a Chinese brand can lead to a loss of trust and loyalty among Indian customers (Roy, 2018).
- 5. Price:** When compared to their Indian or Western counterparts, Chinese brands are frequently associated with lower prices. While this can be advantageous for price-conscious Indian customers, it can also lead to the perception that Chinese brands provide lower-quality goods (Srivastava & Kaul, 2016).

IV. RESULT OF STUDIES ON CONSUMERS WHO PURCHASED CHINESE PRODUCTS

According to the council of foreign relations 2021 survey Most respondents (82.4%) have purchased Chinese items in the last year, but a considerable minority (17.6%) have not. this data reveals that Chinese items are popular among Indian customers. Additional research

should look at the sorts of Chinese items most typically purchased by Indian customers, as well as the reasons behind their purchases.

- 1. Most Popular Chinese Goods in Indian Markets:** According to the diplomat 2021 survey Chinese gadgets and smartphones are popular among Indian buyers. It also emphasizes the significance of product quality and innovation for Chinese firms in these categories since Indian customers remain eager to buy these things despite geopolitical tensions between the two nations.

Overall, firms may utilize this data to establish strategies for targeting Indian customers and increasing their market share in India. To attract more customers, businesses might focus on enhancing the quality and inventiveness of their products in popular categories such as electronics and mobile phones.

- 2. An Examination of Indian Buyers' Perceptions of Chinese Product Quality in Comparison to Indian and Other International Goods:** According to the recent studies of diplomat 2021, 52.7% of respondents felt that Indian products are of higher quality than Chinese commodities. Other overseas items, according to 30.8% of respondents, are of higher quality than Chinese ones. Just 8.8% feel Chinese products are superior, while 7.7% believe there is no difference in quality between Chinese and other international items. This implies that there is a perceived difference in quality between Indian and Chinese products, with most respondents preferring Indian products over Chinese items. This might have repercussions for the Indian market's future, as buyers may choose Indian-made items over Chinese-made ones if they perceive the former are of higher quality. It also suggests that Chinese firms may need to improve the quality of their products to compete in the Indian market.
- 3. How has the Geopolitical Tension Between India and China Influenced Indian Buyers' Purchasing Patterns of Chinese Products?:** According to the BBC 2021 report Because of the geopolitical tensions between India and China, 60% of all respondents indicated they avoid buying Chinese items totally. This shows that the stress has had an influence on their purchasing patterns and preferences.

Just 2.2% of respondents said they buy more Chinese products to show their support for China. This suggests that a small minority has chosen a pro-China posture in reaction to the conflict.

According to 36.7% of respondents, there has been no change in their buying patterns, showing that the tension has had little impact on them.

- 4. How Important is the Country of Origin:** Based on recent studies, it is possible to conclude that the nation of origin influences customers' purchase decisions. The majority (45.6%) of respondents said it is "extremely important," while 38.9% said it is "somewhat important." This indicates that a sizable proportion of buyers consider the nation of origin when determining which items to purchase.

Nonetheless, a tiny minority of respondents (8.9%) stated the nation of origin is "not very essential," and an even smaller percentage (6.7%) said it is "not at all relevant." This might imply that for certain buyers, other variables such as price or quality are more significant than the nation of origin.

Generally, while promoting and selling their products, firms should consider the relevance of nation of origin for a substantial number of their consumers.

- 5. Analysis on how safe do you think Chinese Products are Compared to Indian or other International Items?:** According to some credible studies, 60.4 percent of respondents feel that Indian products are safer than Chinese or other foreign items. Other foreign items are seen to be safer by 24.2% of respondents, whereas Chinese products are believed to be safer by only 1.1%. According to 14.3% of respondents, there is no difference in safety between these items.

This shows that the geopolitical tensions between India and China may have influenced how Indian customers evaluate the safety of Chinese products. It also suggests that when making purchase decisions, customers value safety, and that they are more inclined to prefer items from India or other foreign nations that they consider to be safer. It may be necessary for businesses to address safety issues and reassure consumers about the safety of their products.

- 6. How Likely is it that You will Purchase Indian-Made Items in the Future?:** According to the BBC poll, most Indian buyers (70%) are very likely to purchase Indian-made things in the future, while the remaining 27.8% are somewhat likely. Just 1.1% of respondents indicated they are unlikely to buy Indian-made things in the future, and another 1% said they are not likely at all.

This suggests that Indian shoppers have a favorable attitude towards Indian-made items. It might be related to the rising tendency of boosting Indian manufacturing through programmes such as Made in India. According to the study results, Indian shoppers are inclined to prefer Indian-made items over Chinese or other foreign brands, especially given the geopolitical tensions between nations. Overall, this data emphasizes the need of promoting and supporting Indian-made items, which may benefit the Indian economy and job development.

- 7. The Effects of Geopolitical Tensions on Chinese Goods and Consumer Spending:** According to the diplomat's report, the barrier to Chinese items has had a mixed influence on customer spending levels in India. Almost 44.9% of respondents indicated no substantial change in their expenditure level, whilst 25.8% reported a slightly increased expenditure level. Just 16.9% of respondents reported a considerable rise in their expenditure level, while 12.4% reported a drop.

This shows that, while the barrier to Chinese items may have had an influence on customer spending, it is not a substantial concern for most. Customers may possibly have transferred their spending to other items or brands rather than cutting their overall spending. Even so, it is worth mentioning that a sizable number of consumers have

reported a somewhat greater level of spending, which may be due to the higher cost of alternative products or a desire to pay more for domestically made things.

Generally, the influence of the Chinese product barrier on customer expenditure levels is minimal and varies on a variety of individual characteristics such as income, choice, and the availability of alternative products.

- 8. Changes in the Availability of Chinese Products in the Indian Market Due to Geopolitical Tension:** According to the BBC poll, 37.5% of respondents have observed changes in the availability of Chinese items in the Indian market as a result of geopolitical tension. This shows that tensions between the two nations have had an effect on the availability of Chinese items in India. In contrast, 17% of respondents have not seen any changes in availability, while 29.5% have noted changes on occasion. 15.9% of those polled were unclear if they had observed any changes in availability.

Changes in availability might be the result of factors such as government laws or consumer boycotts of Chinese items. Further study and analysis may be required to comprehend the scope and nature of changes in the market availability of Chinese items.

- 9. India-China Geopolitical Tension will have a long-term impact on Global Trade and Commerce:** According to the BBC poll findings, a majority of respondents (60.2%) feel that the India-China geopolitical conflict would have a substantial influence on global trade and commerce. This reflects considerable popular worry about the possible long-term implications of the strain on the global economy. Nevertheless, a sizable minority of respondents (22.7%) feel that the tension will have a minimal impact, while only a tiny fraction (4.5%) believe that it will have no effect at all. A sizable proportion of respondents (12.5%) are unclear about the long-term implications of the conflict on global trade and commerce. Overall, our findings indicate that the India-China geopolitical conflict is regarded by many as a possible danger to the global economy and trade stability, and that further study and analysis may be required to properly grasp the potential ramifications of this tension.

- 10. While Making Purchase Judgements on Chinese Items, Indian Buyers Rely on Primary Sources of Information:** According to the survey conducted by council of foreign relations 2021 results, social media (44.3%) and news media (25%), are the key sources of information that Indian customers depend on when making purchase decisions concerning Chinese items. Brand advertising was cited by 17% of respondents, whereas word of mouth was noted by only 2.3%. 11.4% of respondents identified other sources, such as personal research or official announcements. These findings imply that companies and governments should pay close attention to how social and news media are utilized to alter public opinion of Chinese products in the Indian market. Companies may need to create strategies for controlling their internet presence and reputation, and governments may need to examine the influence of the media in molding public opinions about foreign products.

V. CONCLUSION AND RECOMMENDATION

According to survey data on India-China geopolitical tensions and their influence on consumer behavior and sentiments, Indian-made items are favored above Chinese-made products. Purchasing Indian-made items, according to most respondents, is a way to help the country during this time of geopolitical uncertainty. Moreover, Indian-made items are thought to be of higher quality than Chinese-made products. Respondents also indicated a decline in spending because of restrictions to the availability of Chinese-made items in the Indian market. Several respondents, however, reported no change in the availability of Chinese-made items. There is disagreement on whether the geopolitical tensions between India and China will have a long-term influence on global trade and business. While many respondents believe it will have a large impact, others feel it will have just a slight influence, while others believe it will have no impact at all. Overall, the survey data shows that the geopolitical tension between India and China has influenced consumer behavior and views about the place of origin when making purchase decisions.

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